

**TOWNSHIP OF MIDDLE
TOWNSHIP COMMITTEE
WORKSESSION AGENDA
February 17, 2009 4:00 P.M. (prevailing time)**

CALL TO ORDER:

Mayor's announcement: I hereby declare that notice has been given to the Herald Times, the Atlantic City Press and posted on the bulletin board of the Middle Township Municipal Building, stating the time and place of the following meeting, as required in P.L. 1975, Chapter 231 of the State of New Jersey. (Sunshine Law). Notice of this meeting was properly given in Resolution No. 26-09 entitled "Establishing Work Session Meeting Nights" which was adopted by Township Committee of the Township of Middle on January 5, 2009

Members present are Mayor Doughty, Committeemember DeLanzo & Committeemember Barry.

Business Administrator Mark Mallett, Township Clerk Kimberly Tomkinson, Municipal Solicitor James Pickering, Municipal Engineer Vincent Orlando.

FLAG SALUTE:**SPECIAL PRESENTATIONS OR DISCUSSIONS:**

Topsail Companies – Affordable Housing Development

Tom Hillegas: I am here this afternoon representing TopSail Development. Our presentation is about the workforce housing obligation in Middle Township. As Township Committee knows the Fair Housing Act of 1985 made housing affordable. In December of 2008 Middle Township cast your Fair Share Plan, which addressed those obligations and needs. I believe Middle Township has a Fair Share Obligation of 943 units of workforce housing or affordable housing. TopSail was here because they have not only identified the need, but they have a rather unique proposal to help satisfy those obligations. As everyone in this room knows the COAH issues is no longer something that is on the horizon, it is here and Middle Township has to address those needs. As a resident of Middle Township, my concern is I have 3 sons, where are they going to live, where are our future generations going to live. I think this project really addresses those needs. TopSail Development is uniquely positioned to address those needs. President of TopSail, Steve Westhead was born and raised in Middle Township and he is relocating back to the Philadelphia area, so there will not be a absentee landlord, he owns property in Middle Township and spends a considerable amount of time here. Donna Lilly, the Vice President and is the day to day operations manager, she too owns property in this area and vacations here and spends time here. What is unique about TopSail is the only do one project at a time, so they can dedicate all of their resources in terms of people, time, talent and funding from conception. When you have commercial development, such as in Rio Grande, you need affordable housing for the workers, which is where the site we are proposing. Rio Grande is centrally located in the county. This is a community, workforce housing, which means there are income limits that you cannot exceed, you have to have a job, they want to attract good quality tenants.

Steve Westhead: There are a lot of demographic things happening in Middle Township that are very similar to the Midwest. Our problem here in my view is A. jobs and B. the cost of living. It is very expensive to live here and the likelihood of our children staying in this area or being able to stay here is diminishing over time. I think the site we selected is specific in that it is right on the public transportation route, within walking distance to shopping, not sitting right out on the highway, has some privacy to it, and it works for the Smart Growth principals for the State of New Jersey. You are in an area where in excess of 50% of the median income goes just for housing and transportation, so the goal of this program is to mitigate the percentage that takes of your take home income.

Tom Hillegas: This is not TopSails first time in this arena. They have done senior assisted living complexes, adults with disability complexes, and they have recently done a 189 unit rehab project workforce project in Kansas City. An interesting fact is that 50% of Township residents and 50% of Township employees qualify for workforce housing, which I think is important to remember. We want the Township to help us design this community and tell us what exactly what they are looking for and to help us achieve their goals. Ian Guzzi is the engineer on this site and he is going to speak about the site.

Ian Guzzi: A 3 story unit is what is proposed for this site. The site is located south of Rt 9 and Route 47 intersection. You have retail, services industries, medical, social services, K-Mart, WAWA, the shopping center area, all within walking distance of the site which gives shopping opportunities as well as employment opportunities for the residents. We plan on spreading the buildings out on the site leaving open space, green space and landscaping so it will not be a visual impact from the road on any of the frontage streets. To the south we have Cape Shore Resorts which is the mobile home park basically abutting our property to the south. I have asked the Solicitor, at your next Township Committee meeting, to adopt a Resolution of Need. This identifies that there is a need in the community and this will satisfy that.

Dan Lockwood: How about the DEP, as far as the soil.

Dave: Lomax Environmental has delineated the wetlands on the property. We are aware of the wetlands issues and they have been delineated and we are in the process of getting the appropriate DEP Permits to get approval of that delineation.

Member of Audience: How many acres are there?

Dave: 17

Dan Lockwood: What portion of that are wetlands?

Dave: About 25% of it, but then with the buffers it probably increases it to 1/3.

Member of Audience: Are you sure of that?

Dave: That is based on vegetation and ideological conditions.

Member of Audience: So they have done core borings?

Dave: Yes they have.

Jim Pickering: Why are you going to the zoning board?

Dave: To get a Use Variance at this point and time. The Office of Smart Growth has not adopted the Middle Township Plan. I believe it is going to be sometime this year Vince?

Vince Orlando: I believe closer to the end of this year, beginning of next year.

Dave: This is a project that we are trying to get our funding through the State this year and that means we have to have our preliminary approvals into the State by April, which means we need to go before the Zoning Board for a Use Variance. In fact, we will be asking for 2 different variances at the Zoning Board, a D1 Variance for the use, D5 for the density and D6 for the height, the buildings are proposed to be 44 feet. With all respects to the zoning districts, the site sits in 3 zoning districts, I believe residential, community business and regional general business.

Steve Barry: Can you talk about the 8 buildings, how they are laid out and what is inside of them and what is projected to be inside.

Dave: Basically there are 3 different sizes. The building closest to Rio Grande Avenue is where the entrance is going to be is proposed to be the community building and the general offices for the facility. The building behind that is the smallest of the 3 styles and that is a 1 bedroom apartment building where there is 16 one bedroom apartments. The next building is the 2 bedroom unit building and then there is a slightly larger building, 2 of those which are 3 bedroom units. The total for the proposal is for 168 units.

Jim Pickering: How many credits does that work out to?

Dave: I believe it is 100% COAH compliant development, which it would be, I believe the Township gets credit of 1 1/2 for each unit of the 25% of the Township's obligations. That is about 250 credits out of 900. That will absolutely satisfy a large percentage of the obligation that Middle Township has to produce of workforce housing.

Chief Evangelista: How many people do you expect to reside in these homes?

Dave: There is a mix of one, two and three bedrooms, as to the exact numbers we would have to go back and calculate them, I do not have them off the top of my head. At the time of the zoning board we will have that information.

Cindy Lutes: Will you control how many people are in the one bedroom?

Donna Lilly: Absolutely.

Madelyn Filipski: How many would be in a one bedroom?

Donna Lilly: You can have 2 living in a one bedroom apartment.

Steve Barry: What is your mix of 1, 2 and 3 bedrooms?

Donna Lilly: There will be 30% 3 bedrooms, 50% 2 bedrooms, 20% 1 bedroom.

Jim Pickering: That mix is required under their COAH regulations.

Mayor Doughty: Who will be running this?

Donna Lilly: We are currently working with Capri, who owns some housing and they operate itwe will manage our management company regardless of who we choose to go in and do the daily operations.

Dave: In our Kansas City Project we have a national company running our project and every week we get a report that shows us every financial metric on the property, what incidents have occurred, what types of community policing interactions, every metric on the property is addressed. It is something we are very involved in and at some point when it is relevant we will talk about the financial guarantees that I personally have to make to choose the properties for our projects.

Mayor Doughty: Why don't you do this for us. Find out the closest project that they might have to us so we may take a visual of this. I think it is very important for us in Middle Township to know who is operating the project.

Dave: It is important to point out to that we as a managing company set the metrics, the Diocese or whomever can decide on their projects they will take felons, but we have children and you all have children and I don't want felons around my kids anymore than the people who live here want felons around their kids. So to answer your question, yes we will get you that information, but you have input, the community policing and the neighborhood watch program we put together was in conjunction with our local police force there.

Susan DeLanzo: I have a question about what the visual would look like, so between these 7 buildings, what would you see, would you see grass, parking lots?

Dave: Parking lots and grass, some ferns, trees, vegetation around the perimeter. There will also be a separation to separate the two halves. We have tried to stagger these units so that so that it is not going to look like a tremendous row of similar homes. We have areas of vegetation, areas where we have broken up the parking lots into smaller parking areas so there is not one enormous parking area and we have oriented the building so that they are not all facing one direction and all lined up. The area closer to Rio Grande Avenue, we have a lot of that that has pocket of wetlands, that is going to remain undeveloped, so there is not going to be any development right there close to the existing residential and the one building close to the road is going to look like a house and will be pretty much situated and the same size as the home that is there now and that will be the offices with the other building staggered away from that. On Route 9 we have a 50' set back minimum and we will have that view shielded.

Susan DeLanzo: So, in the summer months if someone wanted to utilize the outdoors and picnic or barbeque, where would they do that?

Dave: There are some open green areas in the front, there is also a greener area in the center of the site with a walking path that is vegetated, it is a larger area and again it separates one half of the development from the other and provides an opportunity for that.

Susan DeLanzo: When you mention community building, what do you mean by that.

Dave: That is more of an office/management. It is also a meeting space for the residents/tenants association.

Susan DeLanzo: Would you have plans for a pool here?

Donna Lilly: We would have plans for that.

Susan DeLanzo: Is there a space?

Dave: Hopefully behind the buffers. There is an area in the front here that we are looking at that we have identified and we are preserving for recreation.

Tom Hillegas: One issue that we are dealing with right now is wetlands and we are limited by what we can do. We are submitting the delineation of wetlands to the State for a Letter of Interpretation.

Susan DeLanzo: In dealing with the DEP, do you have experience as far as when you have that type of area right next to a densely populatedwould they make you fence it off, is that possible?

Peter Lomax: We provided the wetlands delineation on the site we need to be working with establishing and getting the resource values on the site. At this point, DEP has this site mapped under the landscaped project with some habitat mappingthe site has been disturbed since the 1930's, the site has been farmed continuously since that time. The wetlands that are on site have been land formed and manipulated over time to meet the agricultural practices and a significant portion of what once existed as wetlands has been converted, historically, into a farm pond. That farm pond connects to a ditch, so while this is mapped a certain way by DEP the practices on site represent a completely different land use and resource value and therein lies the problem. Until the DEP has a chance to look at the delineation and make a decision about the resource value, we won't know whether it is a 50' buffer or a 150' buffer.

Susan DeLanzo: So it is safe to say this is like a big field, we are not looking at like a forest? I think that is kind of what I am thinking, if you have a lot of vegetation, but can you picture all of these buildings in a field and then all of a sudden you have a chain link fence as a buffer, I mean it would be a bit unsightly.

Dave: To address your question, in terms of creating physical separation between a protected area and a residential area the most restrictive barrier that the DEP might require might be a split rail fence, something that fits into the natural esthetics.

Ian Guzzi: There is some mature vegetation around that provides a visual buffer, additionally there were more plans on the inside in creating those larger planting areas and vegetated areas that break up the sites, so when you drive by you are not going to be looking at this wide open field with 6 buildings plopped in it, it will be broken up by the landscaping,

Vince Orlando: One of the things you didn't talk about and may be important for the committee and the folks in the audience is part of the brochure that you handed out. You talked about income limits for workforce housing, I think that is a key element in providing workforce housing. Maybe you could just briefly address some of those limits because I think one of them is numbers that kind of occur when you talk about low and mod are these income limits, what type of people will be living here, income level things of that nature, I think that is important.

Dave: We don't have the exact numbers, but I can tell you that in New Jersey for this region, which was effective as of February 13, 2008, 60% of the income, it is the number of people in the household size, for example a single member in a household the income level is \$27,540....that is the upper end. All the way through to the 8 person, it

is \$51,900. So, you are talking about if it is people that are typically employed in the service sector and retail jobs that we have in Cape May County with the largest employer in the County is Cape May County and the second largest is Cape Regional and I believe the third largest employer is the Lobster House. The vast majority of the employees in those 2 sectors fall between the \$27,500 and the \$51,900, so there is a misconception as to what is workforce housing. Workforce housing is specifically designed to satisfy the overwhelming 50% of the employees who live in Middle Township, as well as Middle Township employees, school teachers, policemen, firemen, kindergarten teachers, there is a lot of people that this encompasses. That is one of the misconceptions. Rent is based on 30% of take home pay.

Discussion by many about people that may not be able to afford renting in such a project because of very low income.

Steve Barry: People with very low incomes are not going to qualify for that, there are other programs that can help them.

Audience Member: No, there are not other programs.

Steve Barry: Well, there are a variety of situations, but what these folks are trying to do is, you have to have a blue collar salary to afford these. Of the 6,000 households in Middle Township, there is probably not more than a third that would be over income.

Donna Lilly: For clarification purposes, our project will have 3 different categories under which a person canwe will have some at 35%, some at 47% and some at 50.....we will not determine what will go to what yet, so there may be an opportunity for a percentage of this population to be served.

Chief Evangelista: When you get your permits, what is your start date?

Donna Lilly: We would start late fall, if everything would go as we hope, it would be late fall.

Vilma Pombo: There will be a lot of children here, approximately 400 some, that will go into the school system?

Ian Guzzi: In the demographics of the Township I don't see that happening. I think what we will do is we will satisfy a pent up demand, you have a lot of alternative housing situations here where folks are renting or living in non conforming upstairs apartment units, somebody's garage apartment unit....there are a lot of people who, if anything, will be coming right here from Cape May County. I don't think the County offers a job base for all people from someplace else. I don't really think that is our biggest issue with this project.

Tom Hillegas: We tend to think a lot of the residents will make a lateral movement within the County because this is not an employer motivated project where people are moving into Cape May County because of the project. We believe the people are already here, the kids are already in school.

Vilma Pombo: Well if they come from Upper Township, Lower Township or the Cape Mays, there are still children that would come to our school system which would increase it.

Ian Guzzi: That is correct, that is a possibility.

Madelyn Filipski: S there would be no research into Court House residents or Middle Township residents with children?

Ian Guzzi: No. We are trying to satisfy a need that has been identified in the community for workforce housing, but can we solve all of the problems, no, but we will certainly try and solve them proportionately.

Donna Lilly: We are doing a market survey and I think we can better address these questions after the survey.....it will give us some basic information about what the population is here, what the need is....it is going to in large part duplicate a lot of the codes.

Dave: It helps us understand who our tenancy will be...and I guess from a marketing standpoint, where are we going to find the tenants, its an expensive project....but by the same token, there are several tax credits involved. It is important to point out that we have obligations to the investors to buy the tax credits...it is complicated, we sell the tax credits and that money comes into the development to help fund this development. That is how we are able to lower the rents. It is very important that we manage this very closely because we don't want one thug in there that could chase off 10 good tenants. You have to qualify to become a tenant by being a taxpayer.

Donna Lilly: And you have to requalify....every year the tenants are recertified.

Dave: I would also like to point out that TopSail, have 45 year personal guarantees.

Steve Barry: People are concerned about property taxes that they pay and they recognize that about 60% of the tax goes to the schools, they think the development they want to see doesn't involve any children. I want to live surrounded by commercial properties and with people with hair the color of mine. If people are thinking about their tax bill, the become anti children. Before you explain what the Pilot Program is would you explain why any project like this, yours or anybody's, who do a Pilot Project.

Donna Lilly: The funding agencies are laid out that they want to know, with certainty, what their costs are going to be.

Tom Hillegas: What the Pilot Program is is payment in lieu of taxes.

Steve Barry: Explain what a pilot is.

Donna Lilly: It is only to fix the costs....the state agency can look and know that my taxes are not going to triple in the next 10 years, which makes my project no longer financially feasible.

Steve Barry; Let's put it another way. The property taxes are not going to be based on the assessed value of the property; they are going to be based on rentals, right?

Donna Lilly; You can set it up that way, there are a number of different ways you can set it up, you don't have to set it up any particular way.

Steve Barry: Try to spell out for the folks here that if there is no pilot put in place, projects like this....the ground would never be broken.

Donna Lilly: Because New Jersey Mortgage & Housing Financing Agency has specifically said if you want tax credit funding, you will have a pilot. HUD has done the very same thing. So, when you are looking to subsidize rents on this kind of level, they want a guarantee.

Tom Hillegas: Not only that, what I think is equally as important, this is a mathematical equation and without a pilot program you couldn't afford to build, operate and manage this project. The numbers just don't work.

Dave: One of the things that I said to you today was that this is one of the beauties of this project from my seat. No one else wants to tackle this project over the past couple of years that we have been discussing it because the numbers don't work. I see it as an opportunity to solve a puzzle, it's a math equation.

Susan DeLanzo: Will this be like a gated community? What about trash.

Donna Lilly: That is all on us.

Tom Hillegas: It is a self contained community so the need for municipal services is somewhat minimized.

Steve Barry: There is no getting around it, children will live there.

Dave: Yes, it is a family community.

Jim Pickering: COAH requires that 50% of our total COAH units be family units and 25% have to be family rental units.

Dave: It is harder to manage a family community than a senior community. If you look around your community, there are a lot of senior projects, probably too many at times and the reason is because they are easy for development. It is not a mathematical equation, people pay their rent when they are 65, they have a fixed income, they know what they have to pay, the numbers work, they move in. Family projects are more challenging, families have different constraints and things going on in their lives, so it makes it a little more difficult to manage, we need more amenities, pools and things and recreational spaces for kids.

Jim Pickering: So you are asking the Township to consider a Resolution of Need, which essentially supporting your project and this will meet the affordable housing need in the community. You also need Township Committee to consider the pilot request.

Tom Hillegas: Yes, that will be the next step that needs to be adopted prior to the April 8th submission date.

Jim Pickering: And the bottom line is if Township Committee does not adopt those resolutions, you don't proceed with the project, #1, and even if you did proceed with the project you likely wouldn't get the funding through the grant process of HMFL.

Dave: We would definitely not get the funding, wouldn't even be considered and would take a whole other year before it could be applied. We are under some time constraints with respect to the housing agency since they require the applications be submitted to them by April 8th and with our application has to go our preliminary site plan approval, our resolution and our pilot program. We have had very favorable conversations with the State of New Jersey, it is a competitive project from a situational standpoint, if you look at the demographics down here in Cape May County, it is a difficult number to hit, it is a difficult equation to make fly and they recognize that there is a problem and that this area has not had a first rate development of this type. I think we have made our case to the State, they perceive the need, we didn't have to develop it in their minds.

Susan DeLanzo: One concern, which is why I am trying to get this visual going, is because we are facing such constraints on the budget, I look at projects like this and I see a lot of people in one area and I am really concerned that they don't have enough space to do recreational and I just see it as a real big strain on our police department and that is a big concern because we are having trouble now with our budget, there is no money there for new officers and we cannot backfill our retiring officers. That is where I am not sure, because I understand the need and my concern would be a densely populated area, small and not enough facilities or amenities, kids don't have room to skateboard, people don't have room to sit in their backyard

Dave: Two issues that we have at home, one from a living comfort standpoint, we always do picnic tables so people have space to barbeque and so forth, we do not allow any barbequing on the decks...you want to give people a space, away from the building, to do this. But, from the police department's standpoint I don't have statistics so I have to look into that for you.

Susan DeLanzo: Do you have from your other projects some kind of statistics of police calls, just for my own knowledge.

Donna Lilly: We have security.

Dave: We do, off hours, random, it is just enough that people don't know when they are coming through. We can share with you the neighborhood watch program that we put together for our other projects.

Madelyn Filipski: You could probably look over at the Channel Apartments and get some kind of estimate.....

Dave: Is Channel an affordable housing?

Madelyn Filipski: I don't know.....

Chief: It has been a problem for a long time.

Dave: The reason I am asking is because when you get thrown out of an affordable housing, we all talk, so if they try to move some place up the road, they are going to call us and say how were they as tenants. We have a second tier policing of their behavior and when people are consistently noisy they get thrown out.

Madelyn Filipski: You have given an April 8th deadline, that means we have to have something by the first week in March on a resolution to be adopted so you are basically giving us 2 weeks to make, what I think, is going to be a major tax decision if I understand it correctly?

Tom Hillegas: I think it is a major decision, but I think we can apply the numbers to put your mind at ease in what the payment in lieu of taxes would be. You have to remember too that payment in lieu of taxes give the Township a little more flexibility as to what to do with that money. For example right now you collect taxes and you have to share it with the county, the schools and the Township retains a portion of it. Payment in lieu of taxes, that money is paid to the Township and the Township can spend that money however they wish.

Jim Pickering: I believe 5% is required to go to the county, the Township can retain 95% and put it in its general fund or do whatever else it wants to do.

Steve Barry: Help these folks out with some different scenarios for how pilots are computed.

Dave: One example is the percentage of gross rents or just a negotiated payment of \$65,000 a year or whatever it is, in any event the one thing you can be sure of it is multiple of what the taxes are currently on the property.

Male Member of Audience: Will the staffing be people from the community?

Dave: I am certain it will be people from the community, there is no question about that. From a staffing standpoint that will be difficult, the manager is the key person because they are our eyes and ears and they are responsible for the metrics of the property in the long run, so typically you find someone from another property that has been an assistant manager and has done a lot of filling in for somebody else, has basically been trained and sent to school.

Donna Lilly: All the additional things will be from people here.

Tom Hillegas: Also, this project will be locally done, it will be built by local contractors.

Donna Lilly: All of the construction will be done through local companies.

Mayor Doughty: Thank you, you did a commendable job.

Dave: I will leave some brochures with the Mayor.

DEPARTMENTAL REPORTS AND PROJECT UPDATES:

Administration/Finance:

Operating Expenses – 2009 Budget

Mark Mallett: In continuing the process on the budgets, I wanted to talk about some of the expenses in which there is still some uncertainty. We haven't gotten a number from the State of what is going to be their contribution. What this is going to do is to try and layout where some of the money is spent and what we are going to be doing to try and control the spending. This is going to be a global view and not getting into any of the nitty gritty of where specific dollars are. Let's take a look at this chart for 2008, I am trying to break down where all the money is going. We had \$20.9 million dollars of expenses that was spent in 2008, of that and 60% or what you see in the dark blue was for salaries, wages, health insurance, pensions, about \$12.4 million dollars, of that wages is the greatest contributor. The next component that we have is fixed expenses, that is the next largest....about 25% or 5.2 million dollars. When I talk about fixed expenses these are things as contractual expenses which is trash removal, recycling, service contracts, utilities, reserve for uncollected taxes, things that are really important to keep this Township running. For capital improvements and operating expenses, you can see those are about 7%, that equals about 1.5 million dollars. Capital is being utilized to develop our infrastructure, looking at public safety with the police. Operating Expenses.....it could be public works, maintain fields, recreation expenses. Grants....appropriations from grants and revenues, this is something that is just a pass through. This just gives you an overview, something we have talked about before. The charts that we are going to see after that will not tie directly into the chart that I just had up there. These pages try to follow the way the budget is organized and the way the worksheets are prepared for the state. So as I break this down, \$29. million dollars of total expenses and that was about a 4% increase in 2008.

I am going to go into greater detail on departmental expenses, fixed expenses and other expenses. For 2009 Township Committee has their goals and objectives and really it is to provide a level of service in these trying times that we are in right now. Reduce staffing from attrition or retirement, we are going to lower overtime expenses through relooking at ways to schedule things, and also decreasing operating expenses through Interlocal Agreements. Economy is the watch word. I am just trying to roll things up, it is not exactly like the budget but I am trying to roll things up and make it a little easier. We have 9.1 million dollars in wages, salaries and operating expenses for all the various departments that we have. Of that 9.1 million dollars, 7.6 million or 85% of these expenses are salary and wages. When you take a look at administration, it is 1.6 million dollars and this encompasses a lot of departments. It is general and administration, Human Resources, Mayor and Committee, Township Clerk, Finance/Accounting, Assessor, Tax Collector, Legal, Engineering, Municipal Court, it is really the administrative offices that we have here. Zoning, Construction, Code Enforcement, actually that went down slightly as we reduced the head count. Public Safety, this is police, dispatch, EMS, fire protection and prosecutor, you can see that expense went up, and that is mainly salary and wage increases due to the union contracts that we have with dispatch and police. Public works, actually that went up, some salary and wages and also gypsy moths. Health and Welfare, which is Board of Health, which is a pretty minimal expense, and then we have parks and recreation. If you take a look at Administration, it did go up slightly and one of the things that happened this past year our engineer and solicitor are no longer employees, but we had Professional Services Contracts which actually resulted in an increase, so it was more economical.....

Tracey Tavern: The wage line went down but the operating line went up.

Mark Mallett: Fixed expenses...\$8.2 million and of that \$3.2 million is insurance and that is mainly health insurance. As I talked about, health insurance is \$2 million...and we have dental, workers comp and general liability.....as we go down some of these other line items; motor pool, police vehicles, we have talked about that, we replace 4 or 5 vehicles per year for the police department as the vehicle come to the end of their use of life....we make sure that the officers have vehicles that are going to be safe to drive around in and won't be breaking down. Contractual expenses....we kind of went through that real quickly and when you take a look at debt service, that is paying off our debt and that went up slightly due to an increase in paying off our principal. Then we have deferred charges, this was a special emergency authorization.

Madelyn Filipiski: Insurance, is that all of the insurances, health insurance, car insurance, that is everything.

Mark Mallett: Yes, general liability, workers comp, health insurance, dental and prescription. The head count, we are down by 5 and general liability went down. Pension expense, this is payments to the public employees retirement system and also police and fire pension fund and retirement system....that comprises the bulk of it...but it also has social security and unemployment. Terminal leave, that is just the dollars that we have set aside for the

Tracey Taverner: It is paying out accumulated sick and vacation time when an employee retires. Yes we do have a trust fund that we are supposed to be accumulating in and making grow, but you have to be able to set aside the extra money, but we have had too many people retiring in the course of the years to set that money aside.

Mark Mallett: When you take a look at what increased here, it is really in pensions, and that has increased because we are still trying to play catch up with it...past pension deferrals....from what I believe was the Whitman administration and the McGreavey administration. I just wanted to use this as an opportunity to review 08 verses 07. It is hard to say where we are really at, we don't have all of the information from the State, we have been working more closely with Tracey and Glen Ortman just to talk about where some of the numbers are. We do have contractual obligations with dispatch, police and public works. The biggest challenge is the cap on how much we can increase. We are looking at our expenses and how we can reduce them very closely.

Dan Lockwood: Debt service, is that principal and interest?

Mark Mallett: Yes.

Dan Lockwood: Then the reduction isn't really an expense, that is cash outlay, what in your estimation is that for, paying down bonds, that kind of stuff....what portion of that, is that usually a 20 year, 25 year payout.

Tracey Taverner: They are all different. I have some that are utilities that go up to 40 years.

Dan Lockwood: Right, I know they are all different. That to me is discretionary spending....it just takes 10 or 15 years of diligence to curtail that number, because you just keep rolling the bond saying it is a bond, it's a bond, it's a bond, you are not really paying it down at all you are always going to have that number grow.

Mark Mallett: We are not saying it is not growing we are saying we are trying to find where it is at, I think that is really going to be the goal here and we are going to be taking a look at what is going to be invested or what those bonds are going for such as infrastructure investments and things in the community in the long term, not just setting off any sort of expenseswe have a 6 year capital plan that still needs to get cashed outthere is a pretty long wish list from everyone....the fire house is going to be one of the items that we are going to be doing this year...that is something we know is there....we are looking at some new alternatives....

Dan Lockwood: An assumption that I want to confirm, when you have capital at 7%, capital expenditures that are non bonded, just paying cash for what you are doing.

Mark Mallett: Yes, that is an alternative...

Dan Lockwood: This is what that number represents, is what I am saying...unbonded capital expenditures....

Mark Mallett: That 7%....that would go into the general capital appropriation fund,,,,

Tracey Taverner: We can use it to fund something, it can also be used as a down payment, it can be saved for later...

Steve Barry: Municipal Bonds are tax exempt from a federal taxation level. The average rate of inflation since the 2nd World War has been about 3 ½ %, right now we are doing better than that, it is an interesting situation where you are actually, effectively with inflation, technically you are paying interest, but you are paying it with a slightly inflated dollars so it is not the kind of situation the rest of us where we are paying 5, 6, 7, 8%, it is a rare situation where the federal tax code actually helps us a little bit. It is very difficult call to make.

Mark Mallett: Part of that is the debt and bonds are outside the cap, so it is a balancing act.

Dan Lockwood: Cheap money is what got us into the place we are in right now.

Mark Mallett: What do you mean?

Dan Lockwood: Our economy...cheap loans made people buy more houses than they should have, drove the real estate market, appraisers showed incomes for investment properties that weren't legitimate, cheap money spends easy, that is my point.

Eileen Fausey: Fixed expenses, the way most households handle budgets is they look at what they have to pay out as opposed to things that they might change, correct. Then I would assume municipal government kinda does the same thing. You look at the fixed expenses and you say there is a few in here that we might change a little bit to run more efficient. Maybe you can explain this to me, but I see that the communications bill is just huge and has so many different vendors that I realized some of it might involve equipment.

Mark Mallett: What is your comparison when you say huge, is it just a huge dollar amount or are you comparing with other municipalities.

Eileen Fausey: No, I would say, wouldn't it be cheaper and I don't know that it would, wouldn't it be cheaper to have some kind of a coordinated thing instead of 15 different vendors?

Chief Evangelista: We may have a lot of vendors, but everything that we have had to buy we had to bid out. Our radios, V-Comm that you have there on that list was a consultant and they designed the system; TekTron were the people that put the system in.

Eileen Fausey: Are you responsible for the VOIP network:?

Chief Evangelista: That is the phone system here inside the building.

Eileen Fausey: Are all of these other communications pretty much wireless?

Chief Evangelista: Some are, some aren't. We have mobile terminals inside our police cars and we had to go back out on bid and even though TekTron gave us a bid, Quality Communications came in at a lower cost. We have a voice recorder which records all our voice communications and phone conversations that come in for dispatch. I don't see a way for us to combine all of these vendors and I don't think that would have made the number any smaller than what it is now.

Eileen Fausey: Then you are saying that all of these vendors are.....

Chief Evangelista: I don't know what you have on your list there.

Mark Mallett: Verizon Wireless, we have 22 PC's in the police cars; we have 6 phones being used by sewer; we have 13 phones being used by Administration. Deltronics, that looks like it is a sewer pump problem.

Kathy Meers: We have 19 pump stations within the Township of Middle at the present time and there are various times when the pumps are hit by lightening or there are malfunctions. Biggest problem is flushable wipes, they are clogging our pumps and destroying them....we are sometimes having to upgrade our pumps, but you can't not operate a pump station....we also have control panels that operate the pumps....we do as much repair work as we can.

Tracey Taverner: That is actually not even a communications company.

Kathy Meers: Right. Someone said that does not come out of the regular operating budget....unless you are paying for sewer, you are not paying for Deltronics. The sewer is a stand alone budget...I try to stress it at every meeting...we are a self liquidating utility...we have to make our expenses by the rate we charge our users, so the regular tax payer who is not connected to the sewer is not responsible for any sewer expenses.

Madelyn Filipski: What concerned me was when you looked on the check payout there was Verizon there was one figure for and then there was Verizon Wireless, but when you integrated it it only came out as Verizon, so I am wondering, there seemed to be a lot of money in Verizon Wireless and I was wondering if that was in fact the police...

Chief Evangelista: No, we use Verizon Wireless in our police cars for our mobile terminals and unfortunately we are charged by the amount of information that we push through.

Eileen Fausey: Who else in the Township has cell phones? The Committee probably has them, right?

Mark Mallett: Our employees who are on call 24/7, Rick from public works has a cell phone, animal control has a phone, I have my own personal phone that I receive my calls on.

Kathy Meers: Sewer personnel have cell phones for emergency calls, such as a sewer backup at your house when we are closed.....when you call the sewer department, you are given an emergency number to call, which is a cell phone of one of our employees who is on call.

Mark Mallett: We have AT&T, that is long distance for the Township, Motorola is the police radios,

Peggy Mathis: On the pension deferral, the State of New Jersey says that you can do the deferral, are you going to defer or are you going to bite the bullet and keep on paying.

Mark Mallett: What Township Committee would like to do is bite the bullet and keep on paying. However, with the uncertainty of what we are going to be receiving from the state, we just might be forced into it...that is the big unknown. All we have heard from the State is that they are going to be funneling less money to all the municipalities, we don't know if it is a little, we don't know if it is a lot. That is one of the things that a lot of the people coming here wanting to know what is going on with the 2009 budget, but if you don't have a really good handle on the revenues, it is tough to say.

Peggy Mathis: On the stimulus package that was just passed, the State of New Jersey and all of the states have asked for a certain amount for shovel ready projects, would the sewer project be a shovel ready?

Mark Mallett: The sewer project is already funded through the USDA, however.....

Kathy Meers: We have applied for some additional funding for Whitesboro Phase I, we are going to submit that because it is shovel ready and it is 0% interest. We also have a couple others that we will address in the next couple of weeks in the sewer department itself that we will probably just submit just because it is the 0% interest for 40 years.

Peggy Mathis: Would that mean that capital projects that the Township is contemplating as shovel ready that we could get some of this free money.

Mark Mallett: Yes, we have Romney Place for curbs and sidewalks, another that we have discussed for a while is the parking lot out back, there are some other roadways....

Vince Orlando: Road construction associated with the sewer projects....

Mark Mallett; Right....

Peggy Mathis: So we do have figures to submit to the state so that we can get some of this so called free money?

Mayor Doughty: We are on top of it.

Madelyn Filipski: I have a variety of questions about small monies, for instance I was surprised to see that you gave monies to Cold Spring Village....

Mark Mallett: We just got that today and haven't had a chance to research it.

Madelyn Filipski: I was just concerned with the planning and the decision process, who makes it, where it is reported...I have never seen that we gave \$1,000 to AARP in the minutes, so I want to know who made that decision, was that money set aside....what is the line item for charitable giving.....

Mark Mallett: I didn't get that until this afternoon and I haven't had a chance to research it or evaluate it.

Madelyn Filipski: OK, and along those lines is donations or monies given to churches...

Mark Mallett: That falls under the same thing...give me a chance....

Mayor Doughty: I make a lot of those decisions myself and I am very proud of it... VIM is one of our major institutions here and if they wanted more money I would give it to them.

Madelyn Filipski: How do you have the authority to make that decision, what account does it come from, where is it announced, how do the people know that you are making that decision?

Mayor Doughty: How do they know I am making that decision.....VIM is a very integral part of Middle Township...

Madelyn Filipski: No, how do we know.

Mayor Doughty: How do you know? If you would come after any meeting and sit down with any of us, I think we have gone through this and we will be glad to discuss it with you.

Madelyn Filipski: I don't think we should have to sit privately, I think we need to be transparent and open and you are giving sums of money to, really worthy community causes, and I don't think anyone has a problem with it, but it doesn't come out unless we go through all of the records and it is not fair to do that.

Mark Mallett: The thing is.....

Madelyn Filipski: Where is it budgeted?

Mark Mallett: I told you I need to take a look at it, give me an opportunity. I got it this afternoon, I was busy putting together a presentation and handling other issues within the Township...we have 7 days in which to put this together, is that not right? You are giving me 2 hours.

Madelyn Filipski: It is hard for me to understand how you budget give away items and how this started. It seems to me like a basic premise of running it....that is all I am saying, I am happy to wait. Mr. Barry has a comment.

Steve Barry: On Saturday Ms. Fausey sent an email about these technological things and there was enough time this morning, which was the first day of business, to answer those questions. You sent a few emails and all of us have schedules so that realistically, if you send an email over the weekend, and in this case Tuesday because we were closed on Monday...you can't expect to have all of your questions answered the first day you asked them...you can certainly expect to have them answered, but sometimes it takes a few days.

Madelyn Filipski: I appreciate that and I thank you for that. One of the reasons I sent the email is because I don't want to keep hitting you with something out of the blue. I want you to know what we are coming for.

Susan DeLanzo: I have always known that the Mayor has made decisions, no matter who the Mayor has been, in donating or giving monies on behalf of the Township in the Township's name, and that and he has done that as long as I have lived here.

Madelyn Filipski: I don't think that there is necessarily a problem with it, it is just that it is not known and it is just better to let things be known, especially since we are looking at a budget crunch and I personally don't want our police officers to have to go out with less than they need. So I would rather look at every single thing.

Mark Mallett: Sometimes I feel as though every nickel is being scrutinized here and before these things are given out, there is an approval process that we have. A purchase order, purchase request is put together by the person requesting it, it goes to a Committee member who will ask questions and find out whether or not it is necessary, will then sign it and move on. So there is certainly a process so it is not as if we are spending money like a lot of drunken sailors, and that is sometimes the impression that I get is that we have run amuck and I would like to assure you that we have not run amuck. I've got very much a vested interest in making sure that we do spend money on the right things. I live here, just like you guys do and I want to make sure that we are spending these dollars wisely. I believe that is why I was hired.

Madelyn Filipski: Again, if it were more transparent and a line item on the budget that \$5,000 was set aside for the Mayor to support various local charities, then it would not be a problem and the question would not have been asked. We have \$5,000 for the Mayor to decide who to give it to and we spend \$4,500, well, we don't have that, so we are not saying you are running amuck, I am just asking a simple question, where did this come from. We haven't been given that information.

Mark Mallett: And you presented that to us several hours ago and

Madelyn Filipski: I will wait until the next meeting, or whenever you want.

Public Works & Engineering:

Electrical Services – Goshen Davies Complex Restrooms

Plumbing Services and Plumbing Accessories – Goshen Davies Complex Restrooms

Matt Statzell: Responding to 2 projects that are up for bid for the Goshen Davies Complex for electrical services and plumbing services and accessories for the restrooms. This is a bathroom project that has been in the works for years in the metal building behind the Goshen Complex. What we want to do know is put it out for bid and try to finish this project so that we have a bathroom facility in the back for the baseball teams and soccer and all the other sports that go on.

Jim Pickering: This project was bid out once and the numbers came back way higher than was anticipated or was part of the budget. In consultation with Matt and the architect there was some thought that if we broke up the bidding into separate sections, as is allowed by the public bidding laws, we might be able to get lower bids....we are bidding out one for electrical services and one for plumbing services and plumbing accessories. Hopefully this works and they will come back with much smaller numbers than we did when it went out as one package.

Matt Statzell: I think it will save a lot of money by going that route.

Jim Pickering: I had asked that this be put on for tonight just because this had been scheduled, the only thing on for tonight is establishing a bid tabulation committee. The actual bid packages are not finished and they will have to be advertised for a short while because I wanted to discuss what is the next item on here for the Township Committee and get their direction.

Mayor Doughty: For those of you who go out to the rec quite a bit, this is in the maintenance building out there. The septic system was probably put in 5 years ago, the bathrooms are there with walls in it, but that is the extent of it and this will be the final part in this whole equation.

Kim Tomkinson: Which leads us to the next section, which is the bid bond requirement for construction and/or non construction projects under \$100,000.

Legal:

Bid bond requirements for construction / non-construction projects under \$100,000.00

Jim Pickering: This came up because the architect and Matt had suggested that one way to reduce the bids is not require as much paperwork and expense. In bids over \$100,000 you are absolutely required under state law to require of any bidder a Bid Bond and Surety Certificates. They cost bidders money to get. Sometimes they post cash for the Bid Bond, usually it is in some form of security, usually they provide a Bond. The thought is that if we could not require those certain items and as much paperwork as we do on smaller projects, that it might reduce the costs. I did correspond with the architect and he had given me a list of items about certain documents that he thought could be eliminated from the bid package, specifically the ones that he felt we could eliminate are the Bid Bond, the Consent of Surety, those types of things. This is what I wanted Township Committee to understand, you can eliminate those things, which is fine, and theoretically you get a lower price, but you are take on some added risks. The risk is you could award it to somebody who then doesn't perform, who says I am not going to enter into the contract even though I was the lowest bidder and you awarded me the contract, I am not going to sign on the dotted line, so now you have to go through conditional process to get them to do the work, you don't have the Bond there for them to get the project done and then you have to go through the process again. The Surety is essentially a Performance Bond and that Surety is saying that if you award this, it will provide a guarantee that the work will get done, now you are not requiring that. So, if you award it, they sign, they start, and then they go belly up, then what is your security to see that the project gets done. The theory is that if the projects are small enough in size, that they are not going to put anyone out of business and the risk is small enough that you could still get the project done. All I wanted was that I felt that before we went on and took on added risks by doing this and accepting the recommendations of the architect, that Township Committee say on certain projects that you will allow it to go out without those conditional requirements. There are some places in the Township where we already do this, the ones that come to mind that I have spent some time and attention on recently is the housing rehabilitation project. We don't require a Bid Bond and those sort of things on that. I have asked Township Committee for their opinion on this, do you still want to require the Bid Bonds or not.

Susan DeLanzo: So, about payment, obviously the engineer would go out and see it is at a certain point, and then you pay as if you are a private contractor subbing in your own private home or something.

Vince Orlando: All the bid payments only occur after the work is fully installed and inspected and fully functioning.

Susan DeLanzo: So the payment is not made until it is finished, is that what you are saying?

Jim Pickering: And there is usually some retainage as well.

Vince Orlando: A 2% retainage.

Jim Pickering: So, theoretically, if someone gets 50% of the work done, you certainly haven't paid them more than 50%. The problem is now the work is halfway done, they are not finishing it. Now you have to go back out to bid to get another person to come in to finish the project Instead of just defaulting on the bond, and then having someone come in and do it.

Susan DeLanzo: I thought I heard you say something different than what I was asking. I thought I heard you say if they were 50% completed you only pay them for 48%, but I am saying why then would we pay anything. Why wouldn't we wait until the project is finished to pay because then we are more likely to get the job finished.

Jim Pickering: You absolutely are, but I don't believe the State Statute allows you to withhold 100% of the payment, I think you are only allowed to retain 2%.

Vince Orlando: I am not sure if there could be a proviso of fulfilling the Bid Bond that the job is not going to be paid until fully completed.

Jim Pickering: To be honest with you I think you are kind of defeating your purpose doing that because you will probably get very few bidders that are going to be able to front all the money on a project.

Susan DeLanzo: The one project that you have in your mind that went awry, was significant costs increased ?

Jim Pickering: No and in that case it was just a problem with the contractor not coming back and performing their guarantee, it had nothing to do with the Bid Bond, the Performance Bond or anything else.

Susan DeLanzo: Instead of making a blanket decision, why couldn't we do it on a per basis.

Jim Pickering: You are absolutely could, so....we could try it just on these 2.

Susan DeLanzo: I would like to see a little more history and going over a project.

Steve Barry: This is a pretty straight forward project, too bad it is the men's room and the ladies room.....

Susan DeLanzo: This doesn't seem like a problem, but maybe another project would be a little more intricate rather than say blanket anything under \$100,000.

Jim Pickering; I do not think it is my decision to make...it is definitely Township Committee's decision to make as to whether you are willing to take on that risk, and to be honest with you I think you can say in this category we are willing to forego this, maybe in the future say for instance the Housing Rehab Program, we are not going to require it. But, on other projects that come up, I think you probably should do it on an individual basis.

Susan DeLanzo: I don't like to blanket anything.

Steve Barry: And we have a lot of good local plumbers and electricians who probably aren't as busy as they used to be, so we might get some attractive bids this way that we probably wouldn't otherwise get.

Jim Pickering: You still have to have your Business Registration Certificate with the State and there are still some other things that you have to have, but eliminating some of the other items theoretically should reduce the costs and also encourage other people to bid who might not normally bid. I take it Township Committee would say on these projects then you don't need the a.....

Steve Barry: It's a chance we have to take...it's a trade off, especially in this economy with putting local contractors and folks to work.

Susan DeLanzo: I looked at those bids and I thought we could do better and I would welcome that opportunity.

Jim Pickering: I think it would be appropriate that when we do that we have Township Committee approve a resolution saying on this bid...

Kim Tomkinson: On this particular project?

Jim Pickering: Yes, so would it be ok with Township Committee if we added a resolution at the end of this agenda tonight.

Steve Barry: To today's regular meeting?

Jim Pickering: Yes

Construction/Plan/Zoning:

Nothing Pending.

Recreation:

Nothing Pending.

RESOLUTIONS:

Execution of Agreement – Installation of Electrical Poles – Whitesboro/ Edgewood Phase I Sanitary Sewer Project

Kim Tomkinson: Next item is possible resolution for the March 2nd meeting which would be an execution of an agreement for the installation of electrical poles in connection with the Whitesboro/Edgewood Phase I Sanitary Sewer Project.

Kathy Meers: This is necessary because we have to put the 2 phase lines and we have to extend it from Route 9 all the way down to the pump station site. If we had had the centers designation approved in the Smart Growth areas, there was a possibility that we would not have to pay for this. But, as of today we are still a no growth area, all of Cape May County is. Therefore, the Township will be required to pay \$47,000 to have these lines installed. Before they would have done a recapture type of agreement, said every 10 years we would have this much revenue generated and it would have been wiped out, but unfortunately we have to pay for this and the Township has to sign the agreement pursuant to a resolution and this will be taken out of the Whitesboro Phase I monies that we have in place already.

Jim Pickering; When do you need that resolution?

Kathy Meers: If we could do it at the next Township meeting, pursuant to the new guidelines we have to present items to be discussed at a work session in order to have a resolution approved at the next meeting, which would be 2 weeks from now.

Jim Pickering: So the first meeting in March is sufficient time?

Kathy Meers: Yes.

ORDINANCES:

(Scheduled for Public Hearing February 17, 2009)

1316-08 An Ordinance of the Township of Middle, County of Cape May, State of New Jersey to amend Chapter 38 of the Township Code regarding accumulation of time for purposes of calculating retirement payouts

(Proposed Ordinance)

An Ordinance of the Township of Middle, County of Cape May, State of New Jersey to sell township owned land to Habitat for Humanity

Kim Tomkinson: Next is an ordinance that is scheduled for public hearing tonight which is Ordinance #1316-08, which is an ordinance of the Township to amend Chapter 38 of the Township code regarding accumulation of time for purposes of calculating retirement payouts.

Jim Pickering: This is just on here to remind Township Committee that this is out there and pending public hearings.

Kim Tomkinson: Last item is a proposed ordinance to sell Township owned land to Habitat for Humanity.

Jim Pickering: I asked that this be placed on the agenda because you will recall about a year ago we approved a resolution stating that if Habitat would do the work, that we would essentially donate a lot for a dollar, certain parcels contingent upon them building COAH compliant units. They have looked at the 3 lots that we have initially identified and they have had an LOI performed on them and they have identified 2 lots upon which they can build units. WE have been in touch with Kathy Steiger, the President; Doug McAllister of COAH Council and myself and they are prepared at this point to hopefully construct 2 units by the end of the year that would be COAH compliant units. The Township has had a relationship with Habitat over the last 15 years or so to donate property. What we are doing is just taking it to a different level, which is that they are going to be COAH compliant units so that the Township is also getting the benefit, just not the providing affordable housing to residents here in Cape May County but the Township getting the COAH credits for it. They are looking for us to move soon, I know that these units are included in our housing plan. So if it is ok with Township Committee I would like to prepare a resolution and get them on the agenda the first meeting in March.

Mayor Doughty: I would like to commend the Habitat for Humanity. We have done a number of homes in Middle Township and they are a premier outfit that gets the job done and I think it is a very worthwhile cause.

Susan DeLanzo: Do we know the style, is it a single family home?

Jim Pickering: Yes, it is a single family home. Two single family homes on 2 different lots.

Susan DeLanzo: What, they are 12 to 1300 square feet.

Jim Pickering: This is the first time they have used modular homes as opposed to stick built homes and that will allow them to get them built faster and provide more housing for people, so they are typically 12 to 1500 square feet. So I will prepare that ordinance and get it on the next agenda.

MOTION TO ADJOURN THE MEETING:

Adjourned at 6:08 PM

Kimberly Tomkinson, Twp. Clerk

Prepared by Dawn L. Stimmel, Deputy Clerk